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ZNR UUUUU ZZH
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FM AMEMBASSY BUENOS AIRES
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9538
INFO RHMFISS/CDR USSOCOM MACDILL AFB FL//SCJ2//
RULGPUA/USCOMSOLANT

UNCLAS BUENOS AIRES 002091

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STATE FOR INR/R/MR, I/GWHA, WHA, WHA/PDA, WHA/BSC,
WHA/EPSC
CDR USSOCOM FOR J-2 IAD/LAMA

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E.O. 12958: N/A

TAGS: KPAO OPRC KMDR PREL

SUBJECT: MEDIA REACTION; TURKS AND KURDS; IMF GENERAL ASSEMBLY;
10/23/07

11. SUMMARY STATEMENT

Major international stories today include implications of Turkey's plan in Northern Iraq and its parallel with Israel's formula in Lebanon; and the outcome of the IMF General Assembly with an alleged IMF crisis.

12. OPINION PIECES AND EDITORIALS

- "A Lebanese-styled solution in a hot area"

Oscar Ral Cardoso, international analyst of leading "Clarin," opines (10/23) "A 'Lebanese' solution to the escalated war between Iraq's Kurdish provinces and Turkey seems to be on the horizon. It does not seem to be the best of ideas, although the first step would be a 'ceasefire', which is about to be made public through US political cooperation.

"Let's see what this formula could bring about. The overall feeling is that the combatant Kurdish faction (the PKK) and the Turkish army will not be able to maintain the ceasefire for too long.

"The point is that the Ankara government's real objective seems to be to advance on the Iraqi-Kurdish territory and establish an 'area of containment' that will be occupied by its Army in the same way Israel has occupied Lebanon since 1982.

"During the following 22 years, the Israeli military usurped the sovereignty of Southern Lebanon without really improving security.

"... These conditions could be reproduced in a magnified way in the current Iraqi-Kurdish scenario. It will take place in a country, Iraq, that seems to be on the verge of dissolution, with an incipient civil war affected by the converging geo-strategic interests of Iran, Syria, Turkey and of course the Iraqis that have been co-opted by the US military occupation.

"A clear sign of the importance of this conflict is the immediate impact triggered by the PKK's recent attack against Turkish forces on already high international oil prices.

"Actions now could not only involve oil pipelines from the region but also from the Caspian Sea.

"The Turkish government plans to encourage the confrontation between the two main Kurdish factions..., while the Turkish Army is devoted to annihilating the most aggressive PKK in the future 'mattress area.'

"This would remarkably alleviate pressure from the Kurds, who claim their rights to part of the Turkish national territory..."

"Nonetheless, whatever is functional to Turkey may at the same time worsen the ongoing regional disaster uncorked by the 2003 invasion of Iraq."

- "The IMF will have to test its own prescription - it will have to adjust expenditures"

Martin Kanenguiser, on special assignment in Washington DC for daily-of-record "La Nacion," comments (10/23) "If the IMF ever had a friend or defender, the Annual Assembly that ended yesterday demonstrated that no one is left and that claims from Argentina, among other countries, about IMF lack of legitimacy and representation will present the need to 'reinvent itself' in order to survive in a world that is increasingly unwilling to hold multilateral talks. The IMF crisis was so patent that US Treasury Secretary Henry Paulson himself asked the IMF to adjust its

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expenditures to again obtain a balanced budget, exactly the same claim the IMF staff constantly asks from developing countries.

"Lula also said that the IMF and the WB 'are only focused on wealthy nations' and yesterday Chinese Finance VM Li Yong said that 'developing countries should no longer be excluded from the main decisions or have little representation' at multilateral lending agencies, 'and he also complained about the G7's tough treatment of his country's exchange policy.'

"Argentina made its own claim, less aggressive in rhetorical terms than those of President Nstor Kirchner but not less ironic. Economy Minister Miguel Peirano pointed out in many speeches that the IMF does little monitoring of developed countries, in which the current international liquidity crisis was created, and that 'the IMF runs a big risk of becoming irrelevant.'

".... The IMF monitoring system seems to be plagued with criticism. In the wealthy countries' view, the IMF is too complacent with emerging nations. In the view of the latter, there is no chance that the IMF's wealthiest members, the US and the EU, would agree to be monitored by a multilateral lending agency..."

".... The left wing hates the IMF and the conservative right wing wanted to eliminate the IMF. The IMF should be rapidly overhauled before it loses all importance, and, in the view of many analysts, the Argentine case could mark the beginning of its recovery, or not, in the same way it marked the beginning of its failure in late 2001."

- "Argentina amid a ferocious IMF internal dispute"

Jorge Luis Velsquez, on special assignment to Washington DC for leading "Clarn," writes (10/23) "The visit of (Economy) Minister Miguel Peirano's attendance at the IMF Assembly in Washington left at least two certainties. One seems encouraging for Argentina and the other, of concern.

"The first one is related to the degree of consensus Argentine negotiators managed to obtain, which until short ago only raised criticism - all G-24 countries supported its questionings over the IMF current role, which led Kirchner to decide to pay off the country's debt in cash in order to get rid of the IMF.

"The consensus also approached Argentina's position to that of Mexico and Brazil, which will strengthen regional integration and long-standing initiatives such as Mercosur or Banco del Sur. We should also bear in mind a still light rapprochement with the US Treasury Department, which was conveyed through some special remarks from Secretary Henry Paulson towards Argentine authorities. There was a subtle although perceptible wink - congratulating Argentina for having supported a US initiative to condone an 800-million-dollar debt Liberia owed to the IMF.

"The concern is over the IMF internal dispute sparked by Rodrigo Rato's departure from the IMF and his replacement by French Dominique Strauss Kahn. In this arm-wrestling the Argentine case is the spoil of war between confronted sides..."

".... Under these circumstances, (IMF) criticism of Argentina was interpreted as a defensive reaction from local bureaucracy. It would reportedly seek to survive by underscoring the failings of the Argentine economy, and, in this way, they would mark a difference with Strauss Kahn's conciliatory posture towards Nstor Kirchner."

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